



QUARTERLY REPORT

Quarter Ended 31 December 2012

Highlights

- Completed a \$5.5 million capital raising
- Completed the acquisition of ODNI
- Undertook board re-structure
- Commenced exploration on the Indonesian projects
- Developing pipeline of near term production assets

Capital Raising Activity for the ODNI Transaction

During the quarter Exalt finalised its Capital Raising pursuant to the initial Prospectus lodged on 7th September 2012, and the Supplementary Prospectus lodged on 24th October 2012 issuing a total of 25 million Ordinary Shares at an issue price of \$0.20 per share to raise a total of \$5M. In addition, the Company raised a further \$500,000 through the issue of 2,500,000 Fully Paid Ordinary Shares at an issue price of \$0.20 per share via placement to Non-Executive Chairman, Mr Bill Moss.

The Company was extremely pleased to have completed the Capital Raising particularly given the state of the equity markets in the last quarter of 2012.

The proceeds of these raisings are to be applied to funding the Company's planned exploration program on its Indonesian Projects, reviewing addition Indonesian Projects of interest, Costs of the Offer, due diligence costs associated with the ODNI transaction and general working capital.

Completion of the ODNI Transaction

With the Capital Raising completed, Exalt shareholder approval obtained and other conditions precedent satisfied, Exalt completed the ODNI transaction during the quarter. ODNI, is a Singaporean based Company that has secured the rights to acquire an interest in a number of prospective coal mining projects in the East Kalimantan and Central Kalimantan regions of Indonesia.

As a result of the ODNI Transaction completing and the associated capital raisings the Capital Structure of the Company is as follows:

| EXALT RESOURCES CAPITAL STRUCTURE | SHARES | % | OPTIONS | PERFORMANCE SHARES ⁽⁴⁾ |
|---|-------------------|-------------|-------------------|-----------------------------------|
| Existing prior to Capital Raising ⁽¹⁾ | 28,875,003 | 39.5 | 16,008,568 | Nil |
| Issued to Odni Vendors ⁽²⁾ | 16,666,667 | 22.8 | 30,000,000 | 66,000,000 |
| Issued to MD (options), Non-Executive Chairman, new investors (shares), Lead Manager (options) under the ODNI Transaction. ⁽³⁾ | 27,500,000 | 37.7 | 15,000,000 | 18,000,000 |
| Total following completion of the Odni Transaction and Capital Raisings | 73,041,670 | 100% | 61,008,568 | 84,000,000 |

1. 5,998,339 shares escrowed until 26/5/13. Option exercise price \$0.20, expiry 31/12/15; 8,032,781 escrowed until 26th May 2013.
2. Escrowed until 24/11/13. Will be increased to 25 million shares to Odni Vendors on BIG inclusion on CNC list. Options: 10 million - exercise price \$0.20, expiry 21/11/14 & 20 million - exercise price \$0.50 expiry 21/11/15.
3. MD/CEO, issued 600,000 exercise price \$0.20 expiry 21/11/16 and 2.4 million exercise price \$0.50 expiry 21/11/16, Non Exec Chair, 2,000,000 \$0.20, 21/11/16 Exp, Lead Manager 10,000,000 \$0.20, Exp 21/11/14
4. Performance Shares: One third upon 500KT coal production (within 2yrs) ; one third upon JORC reserve of 50MT (within 3 years) ; one third upon JORC Resource of 400MT (within 3 yrs)

Board Re-Structure

On 22 October 2012, the Company announced the appointment of Mr Bill Moss AM as Independent Non-Executive Chairman.

With the completion of the ODNI transaction, the Board undertook a re-structure which included the formal appointment of the Company's Singapore and Indonesian based Directors Mr Edward Lee and Mr Romy Soekarno, the appointment of Mr Robert Whitton and Mr Peter Dykes and the resignation of founding Non-Executive Directors Mr Emmanuel Correia and Mr James Malone.

Indonesian Exploration

Exploration activity commenced soon after the successful capital raising on 16 November 2012.

PT Karindangan (“Karin”)

During the quarter, a mapping study of Karin commenced, although wet weather has somewhat hampered the mapping process. Mapping results for approximately 60% of the Karin concession are expected in the first quarter of 2013, with exploration drilling to follow shortly thereafter, depending on results.

PT Mitra Maju Bangun Persada (“MMBP”)

Mapping is also underway on the MMBP concession, with preliminary results expected in the first quarter of 2013.

PT Bakti Inti Guna (“BIG”)

A mapping report and exploration target has already been established for the BIG concession, with verification sampling to commence in the next few weeks, ahead of an anticipated drilling program.

Indonesian Production Pipeline

The Company has continued to actively pursue an interest in a number of near term production assets. This pipeline of production assets will be a key component in establishing near term cash flow and shareholder value.

The objective of the near-term production strategy is to generate near term cash flow through the development of a pipeline of good quality assets capable of staged expansion, with minimal infrastructure and logistical hurdles.

Further details on the strategy and progress will be released during the current quarter.

New South Wales Based Projects

EL7667

A renewal of EL 7667 for a further two years with an approximate 50% reduction was lodged on the 10th December 2012. The company believes that this renewal is likely to be granted.

The Company is assessing its options in relation to the further development of the NSW projects.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

EXALT RESOURCES LTD

ABN

17 145 327 617

Quarter ended ("current quarter")

31 DECEMBER 2012

Consolidated statement of cash flows

| Cash flows related to operating activities | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--|--|----------------------------|---------------------------------------|
| 1.1 | Receipts from product sales and related debtors | - | - |
| 1.2 | Payments for (a) exploration & evaluation | (112) | (112) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) administration | (232) | (681) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest and other items of a similar nature received | 17 | 36 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Other (provide details if material) Due Diligence costs – ODN transaction | (777) | (1,167) |
| | | (1,104) | (1,924) |
| | Net Operating Cash Flows | | |
| | Cash flows related to investing activities | | |
| 1.8 | Payment for purchases of: (a) prospects | (677) | (677) |
| | (b) equity investments | - | - |
| | (c) other fixed assets | - | - |
| 1.9 | Proceeds from sale of: (a) prospects | - | - |
| | (b) equity investments | - | - |
| | (c) other fixed assets | - | - |
| 1.10 | Loans to other entities | - | - |
| 1.11 | Loans repaid by other entities | - | - |
| 1.12 | Other (provide details if material) | - | - |
| | | (677) | (677) |
| | Net investing cash flows | | |
| 1.13 | Total operating and investing cash flows (carried forward) | (1,781) | (2,601) |

| | | | |
|------|--|--------------|--------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (1,781) | (2,601) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 5,500 | 5,500 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | - | - |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (provide details if material) | | |
| | Capital raising costs | (316) | (475) |
| | Net financing cash flows | 5,184 | 5,025 |
| | Net increase (decrease) in cash held | 3,403 | 2,424 |
| 1.20 | Cash at beginning of quarter/year to date | 1,577 | 2,556 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 4,980 | 4,980 |

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 216 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | |

1.25 Explanation necessary for an understanding of the transactions

These payments include Non-Executive Director Fees, Salary to the Managing Director and Company Secretarial Fees.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | - | - |
| 3.2 Credit standby arrangements | - | - |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 450 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 350 |
| Total | 800 |

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Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | | Current quarter \$A'000 | Previous quarter \$A'000 |
|---|--------------------------|----------------------------|-----------------------------|
| 5.1 | Cash on hand and at bank | 4,980 | 1,577 |
| 5.2 | Deposits at call | - | - |
| 5.3 | Bank overdraft | - | - |
| 5.4 | Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | | 4,980 | 1,577 |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|---|---|----------------------------------|----------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | EL 7667 During the Quarter the Company submitted a Exploration License Renewal Application for approximately 49% of the existing EL 7667 Nyngan Project. As at the date of this report, this application is still being processed. | 100% | 100% |
| 6.2 | Interests in mining tenements acquired or increased | Rights to varying interests in certain Indonesian Coal Projects through the acquisition of ODNI Holdings including Project MMBP, BIG and Karin. Please refer to Prospectus dated 7 th September 2012 for further details. | | |

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|-----|--|--------------|---------------|--|---|
| 7.1 | Preference securities <i>(description)</i> | Nil | - | - | - |
| 7.2 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 | +Ordinary securities | 73,041,670 | 50,376,664 | \$0.20 | \$0.20 |
| 7.4 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | 44,166,667 | 27,500,000 | \$0.20 | \$0.20 |
| 7.5 | +Convertible debt securities <i>(description)</i> | Nil | | | |
| 7.6 | Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 | Options <i>(description and conversion factor)</i> | 61,008,568 | 7,975,787 | <i>Exercise price</i> ~16.01 M \$0.20 10M \$0.20 10M \$0.20 20M \$0.50 2.6M \$0.20 2.4M \$0.50 | <i>Expiry date</i> 31 December 2015 6 December 2014 21 November 2014 21 November 2015 21 November 2016 28 November 2014 |

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| | | | | | |
|------|--|------------|-----|--|---|
| 7.8 | Issued during quarter | 45,000,000 | Nil | 10M \$0.20 10M \$0.20 20M \$0.50 2.6M \$0.20 2.4M \$0.50 | 6 December 2014 21 November 2014 21 November 2015 21 November 2016 28 November 2014 |
| 7.9 | Exercised during quarter | Nil | | | |
| 7.10 | Expired during quarter | Nil | | | |
| 7.11 | Performance Shares (totals only) | 84,000,000 | | | |
| 7.12 | Unsecured notes (totals only) | | | | |

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:

Date: 30 January 2013

(Director/Company secretary)

Print name: Barry Tudor

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Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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